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August 29, 2002

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, Massachusetts 02210

Re: Boston Edison Company, D.T.E. 01-78

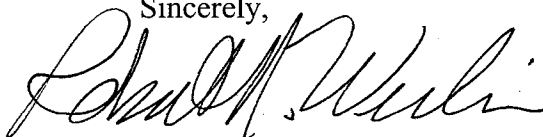
Dear Secretary Cottrell:

Pursuant to the directive in the Hearing Officer's Memorandum, dated August 27, 2002, Boston Edison Company d/b/a NSTAR Electric ("NSTAR" or the "Company"), with the assent of the Attorney General of the Commonwealth (the "Attorney General") (together, the "Parties"), hereby updates the Department of Telecommunications and Energy (the "Department") on the status of the ongoing settlement negotiations concerning the above-referenced matter.

As a result of ongoing negotiations, the Parties are pleased to report that they have significantly narrowed the issues, reached a tentative agreement in principle and fully expect to file a settlement with the Department. The Parties are working on the language of the proposed Settlement Agreement and intend to submit to the Department a Joint Motion for Approval of Settlement Agreement and the Settlement Agreement before hearings are scheduled to begin. As requested by the Hearing Officer, the Joint Motion will include: (i) a joint motion to move into the record all exhibits the Parties wish to include in support of the Settlement; and (ii) a joint exhibit list that identifies and describes the exhibits. If, for some reason, a final settlement cannot be reached, the Parties will so inform the Department no later than September 9, 2002.

Should you have any questions please do not hesitate to contact me or Judith Laster at 617-727-2200, extension 3431. Thank you for your attention to this matter.

Sincerely,



Robert N. Werlin

cc: William H. Stevens, Hearing Officer  
Service List